

House File 2541 - Introduced

HOUSE FILE _____
BY H. MILLER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing certain counties with a workforce zone pilot
2 program, providing certain employees in pilot program counties
3 with state individual income tax credits, providing the option
4 of a workforce recruitment local sales and services tax, and
5 authorizing a county to provide residential property tax
6 relief to certain employees, and providing an effective date.
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
8 TLSB 5626YH 82
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1 1 Section 1. NEW SECTION. 84A.11 WORKFORCE ZONE PILOT
1 2 PROGRAM == TAX CREDITS.
1 3 1. The department of workforce development shall implement
1 4 and administer a workforce zone pilot program in up to ten
1 5 counties in the state for five years. The department shall
1 6 adopt rules pursuant to chapter 17A to administer the program,
1 7 which includes determining the counties eligible to apply for
1 8 the pilot program using the criteria in subsections 2, 3, and
1 9 4.
1 10 2. The department of workforce development shall use all
1 11 of the following criteria to determine the counties eligible
1 12 for the workforce zone pilot program and shall provide the
1 13 list of eligible counties to the departments of economic
1 14 development, transportation, and cultural affairs, and to the
1 15 Iowa finance authority, pursuant to subsection 3, by June 1,
1 16 2008:
1 17 a. The county is ranked among the twenty-five counties
1 18 with the highest poverty percentage in this state, as
1 19 determined by the 2005 small area and poverty estimates from
1 20 the United States census bureau.
1 21 b. The county has a population of less than 50,000, as
1 22 determined by the most recent federal decennial census.
1 23 c. The county has been determined to have a workforce
1 24 shortage by the department of workforce development according
1 25 to the department's needs assessment or job vacancy survey or
1 26 another departmental tool that identifies workforce shortages.
1 27 3. a. Using the list of counties provided by the
1 28 department of workforce development pursuant to subsection 2,
1 29 the department of economic development shall provide to the
1 30 department of workforce development a report by September 1,
1 31 2008, identifying which counties and any cities located in
1 32 those counties that meet all of the following criteria:
1 33 (1) Counties and cities that have applied for or been
1 34 awarded funding from the community attraction and tourism
1 35 program since calendar year 2000 and as of the effective date
2 1 of this Act.
2 2 (2) Counties and cities that have within the past ten
2 3 years as of the effective date of this Act developed a program
2 4 in coordination with a state agency involving a major
2 5 infrastructure project at a state park or all-terrain vehicle
2 6 park. The department of economic development shall consult
2 7 with the department of natural resources to obtain this
2 8 information.
2 9 (3) Cities that have within the past ten years as of the
2 10 effective date of this Act received or applied for a community
2 11 development block grant to improve the city's infrastructure
2 12 for business development or a day care center.
2 13 (4) Counties and cities that have within the past ten
2 14 years as of the effective date of this Act applied for or been
2 15 awarded enterprise zone tax credits.
2 16 b. Using the list of counties provided by the department

2 17 of workforce development pursuant to subsection 2, the
2 18 department of cultural affairs shall provide to the department
2 19 of workforce development a report by September 1, 2008,
2 20 identifying which counties and any cities located in those
2 21 counties that meet all of the following criteria:
2 22 (1) Counties and cities that have applied for or received
2 23 a cultural and entertainment district designation since
2 24 calendar year 2005 as of the effective date of this Act.
2 25 (2) Counties and cities that have applied for or been
2 26 designated under the Iowa great places program since calendar
2 27 year 2005 as of the effective date of this Act.
2 28 c. Using the list of counties provided by the department
2 29 of workforce development pursuant to subsection 2, the
2 30 department of transportation shall provide to the department
2 31 of workforce development by September 1, 2008, a report
2 32 identifying which counties and any cities located in those
2 33 counties that have applied for or been awarded funding through
2 34 the state recreational trails program within the past ten
2 35 years as of the effective date of this Act.
3 1 d. (1) Using the list of counties provided by the
3 2 department of workforce development pursuant to subsection 2,
3 3 the Iowa finance authority shall provide to the department of
3 4 workforce development by September 1, 2008, a report
3 5 identifying which counties and any cities located in those
3 6 counties that meet one of the following criteria:
3 7 (a) Counties and cities that have within the past ten
3 8 years as of the effective date of this Act applied for or been
3 9 awarded project-based allocations from the Iowa finance
3 10 authority for affordable housing needs.
3 11 (b) Counties and cities that have within the past ten
3 12 years as of the effective date of this Act applied for or been
3 13 awarded funds for affordable housing needs after establishing
3 14 a local housing trust fund.
3 15 (c) Counties and cities that have within the past ten
3 16 years as of the effective date of this Act applied for or been
3 17 awarded project-based allocations from the Iowa finance
3 18 authority to develop a housing project through a nonprofit
3 19 organization dedicated to meeting affordable housing needs.
3 20 (2) The Iowa finance authority shall certify whether any
3 21 counties listed have an affordable housing shortage within the
3 22 county. The department of workforce development shall provide
3 23 a maximum of twenty-five counties for the Iowa finance
3 24 authority to certify by September 1, 2008.
3 25 4. The department of workforce development shall compile
3 26 the reports provided pursuant to subsection 3, and using the
3 27 reports and all of the following criteria shall create a final
3 28 list of counties eligible for the workforce zone pilot
3 29 program:
3 30 a. The county or cities located in the county have applied
3 31 for or developed two or more projects under the following:
3 32 (1) The community attraction and tourism program.
3 33 (2) The state recreational trails program.
3 34 (3) The Iowa great places program.
3 35 (4) The cultural and entertainment district certification
4 1 program.
4 2 (5) An infrastructure project for a state park or
4 3 all-terrain vehicle park.
4 4 b. A city located in the county or a developer of a
4 5 project in a city located in the county that has within the
4 6 past ten years as of the effective date of this Act applied
4 7 for or been awarded one of the following:
4 8 (1) Project-based allocations from the Iowa finance
4 9 authority for affordable housing needs.
4 10 (2) Funds for affordable housing needs after establishing
4 11 a local housing trust fund.
4 12 (3) Project-based allocations from the Iowa finance
4 13 authority to develop a housing project through a nonprofit
4 14 organization dedicated to meeting affordable housing needs.
4 15 (4) Enterprise zone tax credits through the department of
4 16 economic development.
4 17 c. The county shall be certified by the Iowa finance
4 18 authority to currently have an affordable housing shortage
4 19 within the county.
4 20 5. a. On or before September 20, 2008, the department of
4 21 workforce development shall notify the counties eligible to
4 22 apply for the workforce zone pilot program. The notice shall
4 23 include an application and the application deadline.
4 24 b. The department of workforce development shall, by rule,
4 25 create an application for the counties determined to be
4 26 eligible for the pilot program. The application shall include
4 27 criteria for determining the need of the county to participate

4 28 in the pilot program.

4 29 c. The completed applications shall be submitted to the
4 30 workforce development board. The board shall review the
4 31 completed applications, and shall select up to ten counties to
4 32 participate in the pilot program. The department shall notify
4 33 the counties selected by January 2, 2009. By January 2, 2009,
4 34 the department shall notify the department of revenue of the
4 35 ten counties selected to participate in the pilot program.

5 1 d. In order to help promote the establishment of the
5 2 workforce zones, the department of workforce development shall
5 3 cooperate with and assist the counties to communicate to the
5 4 public the benefits of designation as a workforce zone.

5 5 6. The workforce zone shall be located within the
5 6 boundaries of a pilot project county. Any employer within the
5 7 workforce zone may participate in the pilot program. The
5 8 workforce zone pilot program shall be in effect in each pilot
5 9 program county for five years.

5 10 7. a. Beginning with the tax year beginning January 1,
5 11 2009, the taxes imposed in chapter 422, division II, less the
5 12 credits allowed under section 422.12, shall be reduced by an
5 13 amount equal to one hundred percent of an eligible taxpayer's
5 14 state income tax liability each year, for a period up to five
5 15 years, but not to exceed five thousand dollars annually. A
5 16 tax credit in excess of the tax liability for the tax year may
5 17 be refunded or credited to the tax liability for succeeding
5 18 tax years until depleted.

5 19 b. To be eligible for the credit, all of the following
5 20 shall apply:

5 21 (1) The taxpayer agrees to accept a new employment
5 22 position with an employer in a county designated as a
5 23 workforce zone for at least five years.

5 24 (2) The taxpayer meets additional criteria as provided by
5 25 rule by the department of workforce development.

5 26 8. a. An employer participating in the workforce zone
5 27 pilot program shall report annually to the county board of
5 28 supervisors by December 1 of each year, beginning December 1,
5 29 2009, on how many employees are taking part in the pilot
5 30 program, how much in total tax credits the employees are
5 31 eligible to receive, how many jobs have been created or
5 32 filled, and the amount of wages each position created or
5 33 filled pays.

5 34 b. Beginning January 1, 2010, the county board of
5 35 supervisors shall provide the department of workforce
6 1 development with an annual report due by January 1 each year
6 2 detailing the total number of employers and employees taking
6 3 part in the pilot program, how much in total tax credits
6 4 employees are eligible to receive, how many jobs have been
6 5 created or filled, and the amount of wages each position
6 6 created or filled pays. The report shall include other
6 7 details about the pilot program's effects, as determined
6 8 relevant by the county board of supervisors, and an analysis
6 9 of whether the pilot program has been beneficial to the
6 10 county.

6 11 c. By February 1, 2010, and by each February 1 thereafter
6 12 for the duration of the pilot program, the department of
6 13 workforce development shall provide a report to the general
6 14 assembly and the committees on economic development in the
6 15 senate and the house of representatives. The annual report
6 16 shall include a summary pertaining to each county
6 17 participating in the workforce zone pilot program. The report
6 18 shall contain, by county and in the aggregate, the numbers of
6 19 employers and employees taking part in the pilot program, how
6 20 much in total tax credits may be claimed by employees, how
6 21 many jobs have been created or filled, and the amount of wages
6 22 each position created or filled pays. The report by the
6 23 department shall include any other details about the pilot
6 24 program's effects as determined relevant by the department and
6 25 an analysis of whether the pilot program has been effective.

6 26 Sec. 2. NEW SECTION. 84A.12 WORKFORCE ZONE RECRUITMENT
6 27 == LOCAL SALES AND SERVICES TAX.

6 28 1. a. A workforce recruitment local sales and services
6 29 tax, if approved by voters, may be imposed by a county in
6 30 accordance with a county's participation in the workforce zone
6 31 pilot program described in section 84A.11. The workforce
6 32 recruitment local sales and services tax shall be imposed in
6 33 the manner authorized by section 423B.1 and sections 423B.5
6 34 through 423B.8. The local sales and services tax authorized
6 35 in this section may be imposed in addition to the local sales
7 1 and services tax authorized in chapter 423B. The funds
7 2 generated by this section shall be administered jointly
7 3 between the county and the department of workforce

7 4 development.
7 5 b. The maximum rate of the workforce recruitment local
7 6 sales and services tax shall be one percent. The tax shall be
7 7 repealed at the expiration of five years or a shorter period
7 8 as provided in the ballot proposition or when the county is no
7 9 longer participating in the workforce zone pilot program as
7 10 described in section 84A.11, whichever is sooner.

7 11 2. The funds may be used for but are not limited to
7 12 payment of tuition, fees, and living expenses associated with
7 13 training and education required for qualified employees in the
7 14 workforce zone, and for expenses associated with creating a
7 15 workforce incentive fund to provide incentives to attract new
7 16 employers and employees to the workforce zone and to improve
7 17 the quality of life within the workforce zone.

7 18 Sec. 3. NEW SECTION. 84A.13 WORKFORCE ZONE RECRUITMENT
7 19 == OPTIONAL PROPERTY TAX RELIEF.

7 20 1. The department of workforce development and the
7 21 regional advisory boards shall work with county officials to
7 22 coordinate property tax relief for qualified employees in
7 23 workforce zones.

7 24 2. a. A county that is designated as a workforce zone may
7 25 adopt an ordinance providing a property tax exemption for
7 26 residential property purchased by a qualified employee for a
7 27 period of up to five years.

7 28 b. To qualify for the tax exemption, all of the following
7 29 shall apply:

7 30 (1) The employee agrees to accept a new employment
7 31 position with an employer in the county for at least five
7 32 years.

7 33 (2) The employee purchases the residential property within
7 34 six months of beginning employment within the county.

7 35 (3) The residential property purchased by the employee is
8 1 the employee's primary residence.

8 2 (4) The employee meets additional criteria as provided by
8 3 rule by the department of workforce development.

8 4 c. The ordinance shall provide that if the requirements in
8 5 paragraph "b" are met, the property tax exemption shall be
8 6 granted.

8 7 d. If residential property receiving an exemption from
8 8 taxation under this section is sold or transferred prior to
8 9 expiration of the exemption, the exemption shall expire.

8 10 Sec. 4. NEW SECTION. 422.11V WORKFORCE ZONE TAX CREDIT.

8 11 The taxes imposed under this division, less the credits
8 12 allowed under section 422.12, shall be reduced by the
8 13 workforce zone tax credit authorized pursuant to section
8 14 84A.11.

8 15 Sec. 5. EFFECTIVE DATE. This Act, being deemed of
8 16 immediate importance, takes effect upon enactment.

8 17 EXPLANATION

8 18 This bill establishes a workforce zone pilot program which
8 19 provides certain employees in designated counties with income
8 20 tax credits, allows certain counties to impose a workforce
8 21 recruitment local sales and services tax, and authorizes
8 22 counties to provide certain employees with property tax
8 23 relief.

8 24 The department of workforce development is charged with
8 25 implementing and administering the pilot program, including
8 26 adopting rules. The department must also begin the process by
8 27 narrowing the number of counties in the state eligible for the
8 28 pilot program. By June 1, 2008, the department must have a
8 29 list of eligible counties, and the department must forward
8 30 that list to the departments of economic development, cultural
8 31 affairs, and transportation, and to the Iowa finance
8 32 authority.

8 33 Each department and the Iowa finance authority is given a
8 34 set of criteria by which to evaluate the counties and the
8 35 cities located in those counties in order for the counties to
9 1 remain eligible for the pilot program. The departments and
9 2 the Iowa finance authority must provide reports of their
9 3 respective findings to the department of workforce development
9 4 by September 1, 2008.

9 5 After the department of workforce development receives the
9 6 reports, the department must compile the information and using
9 7 that information and the list of counties that remain
9 8 eligible, determine the final list of eligible counties from
9 9 additional criteria specified in the bill. The department
9 10 must notify the counties that are eligible to apply to
9 11 participate in the workforce zone pilot program by September
9 12 20, 2008. The notice must include an application and the
9 13 application deadline.

9 14 The bill provides that completed applications will be

9 15 reviewed by the workforce development board which shall select
9 16 up to 10 counties to participate in the pilot program. The
9 17 counties chosen will be notified by January 2, 2009. The
9 18 department of revenue will also be notified of the chosen
9 19 counties. The department of workforce development must assist
9 20 the counties in informing the public of the benefits of
9 21 designation as a workforce zone.

9 22 The bill provides that a workforce zone shall be located
9 23 within the county boundaries. Any employer within the
9 24 workforce zone may participate in the pilot program, which
9 25 shall last for five years.

9 26 The bill provides that, within a workforce zone, an
9 27 eligible employee may receive a state income tax credit of up
9 28 to \$5,000 a year, for up to five years beginning with the tax
9 29 year beginning January 1, 2009. A tax credit in excess of the
9 30 tax liability for the tax year may be refunded or credited to
9 31 the tax liability for succeeding tax years until depleted. To
9 32 be eligible, the employee must agree to accept a new job with
9 33 an employer in a workforce zone for at least five years and
9 34 meet additional criteria that the department of workforce
9 35 development may require.

10 1 The bill provides that participating employers, pilot
10 2 project counties, and the department of workforce development
10 3 must annually report results relating to administration of,
10 4 and participation in, the workforce zone pilot program.

10 5 A county participating in the workforce zone pilot program
10 6 may impose a workforce recruitment local sales and services
10 7 tax in the same manner as authorized by Code chapter 423B
10 8 (local option taxes). The funds generated by such a tax shall
10 9 be administered by the county and the department of workforce
10 10 development. The tax cannot exceed 1 percent and must be
10 11 repealed after five years, or after a shorter period as
10 12 provided on the ballot, or if the county no longer
10 13 participates in the workforce zone pilot program, whichever is
10 14 sooner.

10 15 The funds may be used for tuition, fees, and living
10 16 expenses for training and education provided to qualified
10 17 employees in the workforce zone, and for expenses to create a
10 18 workforce incentive fund in order to attract new employers and
10 19 employees to the workforce zone and to improve the quality of
10 20 life within the workforce zone.

10 21 The bill provides that the department and the regional
10 22 advisory boards shall work with a county participating in the
10 23 workforce zone pilot program to coordinate property tax relief
10 24 for qualified employees in the county. A county may, by
10 25 ordinance, provide a property tax exemption for residential
10 26 property purchased by a qualified employee for up to five
10 27 years. The bill details eligibility requirements. The
10 28 property tax exemption expires when the property is sold or
10 29 transferred.

10 30 The bill takes effect upon enactment.

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